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MICHIGAN'S LABOR MARKET NEWS

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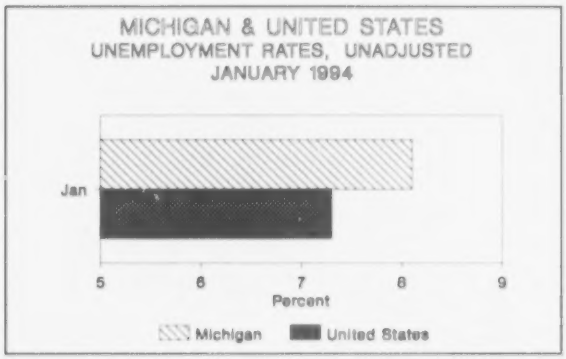
NEW UNEMPLOYMENT SURVEY IS IMPLEMENTED IN JANUARY

January is the first month in which the revised Current Population Survey (CPS) is being used to gather data for calculating the Michigan and U.S. unemployment rates. The new CPS, which surveys 60,000 households nationally and 2,600 in Michigan, uses a redesigned questionnaire as well as advanced computerized methods to collect labor force information. The new CPS will provide a better count of women in the work force, teenagers, part-time employment and discouraged workers. However, because of the change in methodology, estimates prepared for 1994 and beyond will not be directly comparable to data from prior years.



In January 1994, Michigan's labor force and employment (unadjusted) reached 4,768,000 and 4,380,000 respectively. The number of workers looking for jobs stood at 388,000, resulting in an unemployment rate of 8.1 percent.

SEASONAL DECLINE IN INDUSTRY EMPLOYMENT

Michigan's wage and salary employment declined during the month, as industry jobs fell to 3,967,000 in January. Employment opportunities were down by 101,300 as losses were centered in both the service producing and goods producing sectors. Service producing employment declined 86,000, chiefly due to seasonal reductions in retail trade and services as the holiday season ended. State and local education reported some losses due to routinely scheduled semester breaks. Goods producing jobs decreased by 15,300 over the month, mainly as a result of seasonal layoffs in construction.

In January, the average workweek in the state's manufacturing industries was reduced to 44.3 hours from 45.1 hours the previous month. The loss was due to fewer hours of overtime work in the automotive and related industries. During the month, average hourly earnings declined by 16 cents to $15.97. As a result, average weekly earnings in manufacturing reached $707.47, a drop of $19.99 over December's total.

HOURS AND EARNINGS
MICHIGAN

	Average Hourly Earnings		Average Weekly Hours	
	1994		1994	
	Jan.	Dec.	Jan.	Dec.
Manufacturing	15.97	16.13	44.3	45.1
Durables	16.98	17.13	44.8	45.9
Motor Vehicles	20.74	21.09	45.7	46.7
Nondurables	12.76	12.85	42.8	42.7

CHANGES TO THE STATE AND LOCAL AREA LABOR FORCE STATISTICS IN 1994

With estimates for January 1994, the state and the local area labor market statistics, will reflect a number of important changes. These changes include:

* **Major redesign of the Current Population Survey (CPS).** After 26 years, the monthly household survey used to estimate the nation's labor market activity will show substantive changes. These changes will reflect improved accuracy, some definitional changes and a new automated data collection method. The average unemployment rate for the 11 large CPS states (including Michigan), is expected to be 0.6 percentage points higher than the estimates produced before the changes. Local area estimates will also be affected since substate numbers are controlled to total unemployment statewide.

* **Introduction of the updated population controls to the CPS.** The 1990 Census-based population data adjusted for the estimated undercount, will be introduced and used as independent population controls for national and statewide labor force estimates. The 1990 Census-based population controls will compensate population groups that were undercounted in the 1990 decennial Census. At the national level, the introduction of revised population controls will cause both employment and unemployment to rise, with the unemployment rate expected to be one-tenth of a percentage point higher.

* **Incorporation of 1990 Census data.** Census data are used in the formula for developing substate unemployment estimates. Up until now, the 1980 Census was simply extrapolated forward. With January 1994 estimates, the 1990 Census data will be incorporated into the calculations. At the substate level, new data will be provided to adjust residency, the self employed, family workers and the youth-to-population ratios. One of the most significant changes will be more current commuting data which will alter place-of-residency to place-of-work adjustments in many counties.

In addition, as a result of changes in work force commuting patterns, reflected in the 1990 Census, new metropolitan and small labor market area geographic definitions will be introduced. Overall, the state's labor market areas will be consolidated. The number of metropolitan areas will decline from 11 to 9; and small labor market areas will drop from 56 to 53.

	Michigan (Data in Thousands)		
	Jan 1994	Dec 1993	Jan 1993
Place of Residence			
Labor Force	4,768	4,749	4,604
Employment	4,380	4,426	4,244
Unemployment	388	323	360
Rate (Percent)	8.1	6.8	7.8
Place of Work			
Total Employment	3,967	4,068	3,896
Goods Producing	1,047	1,063	1,022
Const. & Mining	127	139	122
Manufacturing	921	923	901
Durable Goods	685	686	672
Primary Metals	37	36	36
Fabricated Metals	118	119	115
Trans. Equip.	289	289	286
Nondurable Goods	236	237	229
Food & Kindred	42	44	43
Other Nondurable	194	193	186
Service Producing	2,920	3,006	2,874
Tran. Comm. Util.	153	157	152
Wholesale Trade	195	197	196
Retail Trade	732	773	719
General Merch.	123	137	122
Eating & Drinking	253	266	248
Fin. Ins. Real Est.	192	193	190
Finance	99	99	102
Services	1,010	1,027	975
Business Services	203	212	190
Health Services	332	333	326
Other Services	475	482	459
Government	638	659	642
Federal	57	58	58
State	166	173	167
Local	416	428	417
Labor Disputes	0.1	0.1	0.2

Civilian Labor Force and Wage & Salary Estimates

	Ann Arbor			Benton Harbor			Detroit (Data in Thousands)		
	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993
Place of Residence									
Labor Force	281,100	280,900	275,300	83,700	82,500	80,200	2,138	2,141	2,076
Employment	266,500	268,800	261,600	76,400	76,600	73,600	1,973	1,999	1,912
Unemployment	14,700	12,100	13,700	7,300	5,900	6,600	165	142	165
Rate (Percent)	5.2	4.3	5.0	8.7	7.2	8.2	7.7	6.6	7.9
Place of Work									
Total Employment	243,900	251,200	242,800	66,600	68,200	65,400	1,875	1,925	1,834
Construction & Mining	5,800	6,500	5,400	1,600	1,900	1,600	51	58	50
Manufacturing	53,100	53,200	54,700	20,200	20,400	20,000	423	425	406
Tran., Comm. & Utilities	5,400	5,400	5,600	2,800	2,800	2,700	84	86	82
Wholesale Trade	7,000	7,000	7,200	2,200	2,200	2,100	111	112	112
Retail Trade	40,000	41,900	39,700	11,800	12,500	11,400	335	359	332
Fin., Ins. & Real Estate	9,200	9,300	9,100	2,600	2,600	2,600	107	108	107
Services	54,900	56,300	53,700	16,400	16,400	16,000	533	542	516
Government	68,300	71,600	67,400	8,900	9,400	9,000	231	235	230
Labor Disputes	0	0	0	0	0	0	0	0	0.1

	Kalamazoo - Battle Creek			Lansing			Saginaw - Bay - Midland		
	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993
Place of Residence									
Labor Force	228,300	227,200	220,500	239,000	237,700	232,300	196,300	194,800	189,000
Employment	212,700	214,100	206,800	225,000	226,100	220,300	179,300	181,500	174,800
Unemployment	15,600	13,100	13,700	14,000	11,600	12,000	17,000	13,300	14,100
Rate (Percent)	6.8	5.8	6.2	5.9	4.9	5.2	8.7	6.8	7.5
Place of Work									
Total Employment	194,700	199,600	192,600	214,700	219,800	213,700	162,900	167,800	161,500
Construction & Mining	5,800	6,400	5,700	5,800	6,200	5,600	6,300	7,300	6,600
Manufacturing	49,000	49,500	49,000	29,200	29,200	29,800	41,000	40,900	42,000
Tran., Comm. & Utilities	6,100	6,200	6,100	6,200	6,200	6,200	6,400	6,500	6,400
Wholesale Trade	6,600	6,700	6,500	7,900	8,000	7,800	6,100	6,100	6,100
Retail Trade	36,100	37,900	35,000	39,200	41,200	38,900	34,800	37,400	33,900
Fin., Ins. & Real Estate	10,300	10,300	10,100	12,100	12,300	12,000	6,200	6,300	6,100
Services	46,300	47,100	45,200	46,900	47,700	46,600	39,500	40,600	38,900
Government	34,400	35,500	35,000	67,300	69,000	66,900	22,600	22,600	21,600
Labor Disputes	0	0	0	0	0	0	0	0	0

Civilian Labor Force and Wage & Salary Estimates

	Flint			Grand Rapids - Muskegon			Jackson		
	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993
Place of Residence									
Labor Force	199,900	198,900	197,000	523,300	521,000	504,300	75,100	74,900	71,200
Employment	179,100	181,200	178,600	488,500	492,100	471,400	68,700	69,500	65,400
Unemployment	20,800	17,700	18,400	34,800	28,900	32,800	6,400	5,400	5,800
Rate (Percent)	10.4	8.9	9.3	6.7	5.5	6.5	8.5	7.2	8.1
Place of Work									
Total Employment	163,100	167,300	165,100	465,900	475,300	453,900	55,400	56,800	53,700
Construction & Mining	4,200	5,100	4,300	17,100	18,700	16,700	1,600	1,700	1,500
Manufacturing	45,300	45,900	49,000	137,000	137,200	133,000	12,700	12,600	12,100
Tran., Comm. & Utilities	4,400	4,500	4,500	16,600	17,200	16,300	3,600	3,600	3,500
Wholesale Trade	6,800	6,800	7,100	29,300	29,600	28,900	2,200	2,200	2,100
Retail Trade	31,900	33,500	32,100	82,500	86,700	81,800	11,300	12,100	10,800
Fin., Ins. & Real Estate	6,200	6,200	6,100	19,200	19,400	18,900	1,800	1,900	1,800
Services	40,300	40,900	38,000	112,000	113,700	106,900	12,100	12,500	11,700
Government	23,900	24,500	24,100	52,000	52,700	51,300	10,100	10,200	10,200
Labor Disputes	0	0	0.3	0	0	0	0	0	0

	Upper Peninsula			Grand Traverse LMA			Shiawassee LMA		
	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993	Jan 1994	Dec 1993	Jan 1993
Place of Residence									
Labor Force	152,000	148,400	143,500	64,400	63,100	60,900	37,800	37,600	34,800
Employment	133,200	133,600	127,300	58,400	58,500	55,600	34,300	34,600	31,600
Unemployment	18,800	14,900	16,100	6,000	4,700	5,300	3,500	2,900	3,200
Rate (Percent)	12.4	10.0	11.3	9.3	7.4	8.6	9.3	7.8	9.3
Place of Work									
Total Employment	117,700	119,700	114,400	50,500	51,300	48,800	19,100	19,500	18,000
Construction & Mining	6,600	7,200	6,700	4,300	4,500	4,300	500	600	600
Manufacturing	15,100	15,300	15,000	7,000	7,200	6,800	4,200	4,300	4,100
Tran., Comm. & Utilities	5,200	5,400	5,200	1,800	1,900	1,800	700	800	700
Wholesale Trade	3,200	3,200	3,200	1,800	1,800	1,800	600	600	600
Retail Trade	23,900	24,400	23,000	11,300	11,900	10,800	4,900	5,100	4,200
Fin., Ins. & Real Estate	4,300	4,300	4,200	2,100	2,100	2,000	500	500	500
Services	24,800	24,800	23,200	14,900	14,700	14,200	3,700	3,700	3,500
Government	34,600	35,100	33,900	7,300	7,300	7,300	4,000	4,000	3,900
Labor Disputes	0	0	0	0	0	0	0	0	0

MAJOR LABOR MARKET AREAS

NEW CPS AND CENSUS DATA AFFECT LOCAL JOBLESS ESTIMATES

The unemployment rates increased in all of Michigan's major labor market areas in January, following a slowdown in the state's economic activity usually experienced after the holiday season. January also marked the first month for which the new Current Population Survey (CPS) was used to determine the nation and Michigan unemployment rates. The use of the new CPS is expected to increase the state's unemployment rate by a monthly average of six-tenths of a percentage point. Local estimates are also affected since they are controlled to the statewide unemployment total.

Among Michigan's major labor market areas, Ann Arbor reflected the lowest unemployment rate at 5.2 percent, followed by Lansing and Grand Rapid-Muskegon-Holland areas with 5.9 and 6.7 percent respectively. The Upper Peninsula had the highest rate and the largest rate increase in January, as its unemployment rate advanced to 12.4 percent from 10.0 percent in December. The increase was not unexpected and was due largely to the end of the tourism and the holiday season. Compared with a year ago, the unemployment rate increased in all areas but the Detroit Metropolitan statistical area.

SEASONAL EMPLOYMENT DROP IN ALL MAJOR AREAS

Total January wage and salary employment declined in all the major labor market areas. Employment losses were reflected in both the service producing and goods producing sectors of the economy. Losses in the service producing industries were concentrated mostly in retail trade and services as the holiday season ended and many employers reduced staff for the winter. Temporary reductions were also reported by state and local government, as many educational facilities released their support personnel for the winter semester break. In the goods producing industries, employment declined primarily due to seasonal layoffs in the construction industry. Among the state's major labor market areas, Ann Arbor and Saginaw-Bay-Midland experienced the largest percentage decline at 2.9 percent, followed by Detroit at 2.6 percent.

During January, the average hourly earnings in the manufacturing industries decreased in five out of the ten major metropolitan statistical areas in Michigan. The losses were due mostly to decreases in the durable goods industries. The average workweek moved down in eight of the major metropolitan areas over the month, causing average weekly earnings in all areas but two to fall. The largest losses were reflected in Lansing and Detroit with decreases of $50.35 and $30.86, respectively.

MANUFACTURING HOURS AND EARNINGS
Major Labor Market Areas
December 1993 and January 1994

Area	Average Weekly Hours		Average Weekly Earnings		Average Hourly Earnings	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
Ann Arbor	45.9	45.8	766.99	764.40	16.71	16.69
Benton Harbor	42.2	43.9	493.32	509.24	11.69	11.60
Detroit	46.0	47.3	790.74	821.60	17.19	17.37
Flint	46.4	46.5	992.96	1001.14	21.40	21.53
Grand Rapids	42.6	43.7	562.75	574.65	13.21	13.15
Jackson	42.9	43.9	490.35	495.63	11.43	11.29
Kalamazoo	43.5	45.2	654.67	684.33	15.05	15.14
Lansing	41.7	41.3	735.59	785.94	17.64	19.03
Saginaw	44.9	43.6	823.02	802.68	18.33	18.41
Upper Peninsula	38.6	39.7	434.64	440.67	11.26	11.10

IMPACT OF CHANGES TO UNEMPLOYMENT DATA

In terms of programs, the most immediate impact of the statewide data for January 1994 forward will be in the area of extended unemployment insurance which uses a 3-month moving average of seasonally adjusted statewide unemployment rates in calculating the trigger for added benefits. Allocation formulas used in various federal programs will not be affected until next fall. The outcome of these changes on federal funding levels in the state is yet to be determined.

In terms of publication, the statewide data will be revised back to 1988 and the substate data to 1990. The introduction of new census data will be reflected in revisions from 1990 forward. This will give some degree of history to the numbers. Data prior to that time will no longer be strictly compatible.

Introduction of the redesigned CPS in 1994 will cause another break in series at least temporarily. This will limit the amount of comparative analysis that can be made each month to put the current data in some kind of perspective. However, all of these changes are viewed as important improvements, and the reading during 1994 will reflect the best data that are available.

CONSUMER PRICE INDEX (CPI)
ALL URBAN CONSUMERS
ANNUAL AVERAGES 1993

	Index No.	% Changes from Last Year
Detroit	139.6	+2.7
U.S.	144.5	+3.0

DETROIT CPI RISES MODERATELY

Consumer prices in the Detroit metropolitan area rose from an average of 135.9 index points in 1992 to 139.6 in 1993. The 2.7 percent annual increase was primarily due to higher costs for apparel and medical care. Between October and December of 1993, the cost of living in the Detroit area declined by 1.7 percent and stood at 140.2 index points.

At the national level, the average consumer price index (CPI) for 1993 increased by 3.0 percent over 1992 and settled at 144.5 index points. The December cost of living in the U.S. remained unchanged over the month at 145.8 index points.

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